

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 OMB-01 PM-05
NSC-05 SP-02 SS-15 L-03 CIAE-00 INR-10 NSAE-00
IO-13 DODE-00 /073 W
-----122136 131508Z /53

R 131300Z APR 78
FM AMEMBASSY PRETORIA
TO SECSTATE WASHDC 994
INFO AMCONSUL CAPE TOWN POUCH
AMCONSUL JOHANNESBURG POUCH
AMCONSUL DURBAN POUCH

C O N F I D E N T I A L SECTION 1 OF 2 PRETORIA 2123

CAPE TOWN ALSO FOR EMBASSY

E.O. 11652: GDS
TAGS: EAIR, SF
SUBJECT: AIRCRAFT SALES TO SOUTH AFRICA

REF: (A) PRETORIA 2011, (B) STATE 79654

SUMMARY: MEETING BETWEEN AIRCRAFT DISTRIBUTORS AND EMBOFF
MADE PROGRESS ON SETTING UP SYSTEM FOR CLEARANCE PROCEDURES
AND IDENTIFYING PROBLEM AREAS. DISTRIBUTORS CONCERNED THAT
THEY NOT BE HELD RESPONSIBLE SHOULD VIOLATION IN AREA BEYOND
THEIR CONTROL OCCUR. PROBLEM AREAS ARE SPARE PARTS,
RE-EXPORTS AND CHARTERS. DEPARTMENT GUIDANCE REQUESTED ON
THESE POINTS. WORKLOAD ON EMBASSY ECONOMIC/COMMERCIAL SECTION
FROM AIRCRAFT CLEARANCES WILL BE SUBSTANTIAL AND WILL FURTHER
CUT INTO ECONOMIC REPORTING. END SUMMARY

1. EMBOFF MET WITH SEVEN REPRESENTATIVES OF DISTRIBUTORS
OF U.S. AIRCRAFT INCLUDING PRESIDENT AND EXECUTIVE
DIRECTOR OF COMMERCIAL AIRCRAFT DISTRIBUTORS ASSOCIATION
(CAA) ON APRIL 12. EMBASSY HAD, UNFORTUNATELY, NOT RECEIVED
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STATE 93562 CONFIRMING THAT WORDING OF NEW LICENSING CONDITIONS
PROPOSED BY STATE HAD BEEN ADOPTED. HOWEVER, SINCE INFORMATION
RECEIVED BY DISTRIBUTORS FROM U.S. MANUFACTURERS CORRESPONDED
TO PROPOSALS, EMBOFF OPERATED ON ASSUMPTION PROPOSALS WERE
APPROVED.

2. PRESIDENT OF CAA CONLYN EXPRESSED DISTRIBUTORS' INTENTION

TO COMPLY WITH NEW REGULATIONS AS COMPLETELY AS POSSIBLE AND TO BEST OF THEIR ABILITY NOTING DISTRIBUTORS' STRONG INTEREST IN CONTINUED SUPPLY OF U.S. COMMERCIAL AIRCRAFT. HE ADDED, HOWEVER, THAT WHILE NEW REGULATIONS CONSIDERABLY EXPANDED DEGREE OF CONTROL, THEY WERE NOT AIRTIGHT AND PROBABLY COULD NOT BE MADE SO NO MATTER WHAT DISTRIBUTORS DID. HE SPECIFICALLY CITED LIMITATIONS ON DISTRIBUTORS LEGALLY ENFORCING RESALE PROVISIONS AND POSSIBILITY OF CLANDESTINE IMPORTS BY INDIVIDUALS VIA THIRD COUNTRIES. CONLYN, THEREFORE, EXPRESSED CONCERN THAT USG BE AWARE POSSIBILITY OF ISOLATED VIOLATIONS BEYOND DISTRIBUTORS' CONTROL COULD NOT BE COMPLETELY RULED OUT AND HOPED THAT USG WOULD NOT INTERPRET SUCH AS EVIDENCE OF NON-COMPLIANCE BY DISTRIBUTORS. EMBOFF RESPONDED THAT USG WAS UNDER NO ILLUSIONS THAT NEW REGULATIONS AIRTIGHT BUT EXPECTED DISTRIBUTORS WOULD DO THEIR UTMOST TO ADHERE TO THEIR LETTER AND SPIRIT. ANY INSTANCES OF NON-COMPLIANCE BY PURCHASERS OR REPURCHASERS OF WHICH DISTRIBUTORS WERE AWARE SHOULD BE REPORTED TO USG. CONLYN ADDED THAT HE EXPECTED ONE EFFECT OF NEW RULES WOULD BE THAT SOME INDIVIDUALS LEFT AIR COMMANDOS.

3. EMBOFF AGREED TO MEET WITH EXECUTIVE DIRECTOR OF CAA FOLLOWING WEEK TO WORK OUT STANDARDIZED LANGUAGE BASED ON NEW LICENSE PROVISIONS FOR INCLUSION IN ALL CONFIDENTIAL

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SALES CONTRACTS. EMBOFF ALSO REPEATED LIST OF CERTIFICATIONS FROM DISTRIBUTOR AND PURCHASER AND PROVIDED LIST OF BACKGROUND DATA ON PURCHASER WHICH EMBASSY WOULD NEED TO PROCESS REQUEST FOR SALES APPROVAL. DISTRIBUTORS EXPRESSED CONCERN THAT LENGTHY PROCESSING TIME WOULD MEAN LOST SALES. EMBOFF STATED HE WAS HOPEFUL MOST REQUESTS COULD BE ACTED ON IN FIVE WORKING DAYS ALTHOUGH SOME MIGHT TAKE LONGER.

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C O N F I D E N T I A L SECTION 2 OF 2 PRETORIA 2123

CAPE TOWN ALSO FOR EMBASSY

4. FOLLOWING PROBLEM AREAS ON NEW REGULATIONS EMERGED
IN MEETING:

A) SPARE PARTS - NEW REGULATIONS APPARENTLY REQUIRE SAME
CERTIFICATION BY PURCHASER ON SALES OF SPARE PARTS AS ON
AIRCRAFT. PROBLEM HERE, ACCORDING TO DISTRIBUTORS, IS THAT
IN CONTRAST TO AIRCRAFT SALES WHERE DISTRIBUTORS DEAL DIRECTLY
WITH END-USER, PARTS AND SPARES ARE SOLD TO A WIDE VARIETY OF
DEALERS, REPAIR STATIONS, MECHANICS, PLUS AIRCRAFT OWNERS.
SMALLER PARTS ARE SOLD OVER COUNTER TO PUBLIC IN SAME MANNER AS
CAR PARTS AND ARE FREQUENTLY PICKED UP BY DIRVERS AND
MESSENGERS. NUMBER OF INDIVIDUAL TRANSACTIONS RUNS INTO TENS
OF THOUSANDS EACH YEAR. DISTRIBUTORS STATED THEY WILL,
OF COURSE, COMPLY WITH PARTS CONDITIONS ON AIRCRAFT THEY THEMSELVES
REPAIR AND WILL ADD PROVISION ON PARTS FOR MILITARY/PARA-
MILITARY USE TO REPAIR CONTRACTS. THEY ALSO WOULD BEGIN
RECORDING NAMES OF OVER THE COUNTER PURCHASERS AND WOULD INCLUDE
IN TERMS OF SALE ON ORDER AND INVOICE DOCUMENTS STATEMENT ON
USE IN AIRCRAFT ENGAGED IN PROHIBITED ACTIVITY. DISTRIBUTORS
QUESTIONED, HOWEVER, FEASIBILITY OR MEANINGFULNESS OF HAVING
CERTIFICATION ON EVERY OVER THE COUNTER PURCHASE.
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DISTRIBUTORS FELT THAT END-USE OF SPARES WOULD BE FAR MORE
DIFFICULT TO CONTROL THAN AIRCRAFT IN VIEW LARGE NUMBER OF PERSONS
INVOLVED IN PARTS TRADE.

ACTION REQUEST: REQUEST GUIDANCE ON ACTUAL TYPE OF
CERTIFICATION REQUIRED AND WHETHER INCLUSION OF PRO-
HIBITION IN TERMS OF SALE CONDITIONS ADEQUATE.

B) RE-EXPORTS - MANY OF DISTRIBUTORS HAVE SALES AREA
THAT COVERS OTHER COUNTRIES IN SOUTHERN AND CENTRAL
AFRICA. THEIR UNDERSTANDING IS THAT RE-EXPORTS OF LIGHT
AIRCRAFT TO SUCH COUNTRIES AS SWAZILAND AND MALAWI DO NOT REQUIRE
NEW LICENSE OR USG PERMISSION. (EXPORTS TO RHODESIA ARE, OF

COURSE, PRECLUDED.) IT IS ALSO THEIR BELIEF THAT NEW CERTIFICATION PROVISIONS WOULD NOT BE APPLICABLE TO PURCHASERS IN THESE COUNTRIES AS ARMS EMBARGO NOT IN EFFECT THERE. THEY ALSO POINT OUT THAT MANY OF THEIR AIRCRAFT SOLD TO GOVERNMENT AGENCIES IN THESE COUNTRIES AND CERTIFICATION OF ANY TYPE WOULD BE DIFFICULT TO OBTAIN.

ACTION REQUESTED: REQUEST GUIDANCE ON WHETHER NEW LICENSE NEEDED FOR RE-EXPORT AND CONFIRMATION THAT SALES OUTSIDE SOUTH AFRICA DO NOT REQUIRE CERTIFICATIONS. EXPORT ADMIN MANUAL IS UNCLEAR ON FIRST POINT.

C) CHARTERS TO SAG: DISTRIBUTORS NOTED NEW PROVISIONS CONTAIN PROHIBITION ON AIRCRAFT CHARTER OR LEASE TO SAG WITHOUT USDOC APPROVAL. THEY STATED CIVILIAN AGENCIES OF SAG SUCH AS DEPARTMENT OF AGRICULTURE OCCASIONALLY CHARTER AIRCRAFT FOR ONE OR TWO DAYS FOR CROP INSPECTION, ETC. IN INSTANCES OF THESE SHORT CHARTERS, THERE IS USUALLY NOT TIME TO GO BACK TO USDOC FOR APPROVAL AND COSTS OF SUCH COMMUNICATION WOULD BE OUT OF PROPORTION TO PROFIT ON CHARTER. DISTRIBUTORS, THEREFORE, CONFIDENTIAL

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REQUEST TO KNOW WHETHER CHARTERS FOR CIVILIAN AGENCIES COULD BE DEFINED AS SOME MINIMUM TIME TO EXCLUDE ONE OR TWO DAY CHARTERS? BARRING THAT, COULD EMBASSY GIVE APPROVAL FOR SHORT CHARTERS?

ACTION REQUESTED: REQUEST GUIDANCE ON ABOVE POINTS, ALSO WHETHER SAG INCLUDES COMMERCIAL FIRMS LIKE ISCOR (STEEL PRODUCER) OWNED BY SAG. OUR OWN VIEW IS THAT ORGANIZATIONS PRIMARILY ENGAGED IN PRODUCTION AS OPPOSED TO GOVERNMENTAL ACTIVITIES SHOULD BE EXCLUDED ALTHOUGH CERTIFICATION OF NON-TRANSFER TO SAG WOULD BE NEEDED.

5. COMMENT: ALTHOUGH WE ARE CERTAIN DEPARTMENT IS AWARE OF PROBLEM, WE WOULD LIKE TO REITERATE THAT THIS AND OTHER NEW EXPORT CONTROL DEMANDS WILL IMPACT ON ECONOMIC REPORTING AND RELATED FUNCTIONS. ECON/COMMERCIAL SLOT IN JOHANNESBURG IS UNFILLED AND BOTH ECON/COMMERCIAL OFFICERS IN PRETORIA HAVE ESSENTIAL NON-ECONOMIC DUTIES. ADDED EXPORT CONTROL WORK MAY NECESSITATE CURTAILMENT BY 15-20 PERCENT OF ALREADY AUSTERE PROGRAM OF ECONOMIC REPORTING AND COMMERCIAL COORDINATION. FOREGOING ASSUMES DETAIL OF DURBAN OFFICER FOR SPOT CHECK OF PREVIOUSLY PURCHASED AIRCRAFT.
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